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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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March 9, 2006

Robert D. Smith, Ed.D.
Superintendent
Milford School District
Milford, Delaware

and

Valerie Woodruff
Secretary of Education
Department of Education
Dover, Delaware

SUBJECT: MILFORD SCHOOL DISTRICT CONSTRUCTION

We have performed the procedures enumerated below, which were agreed to by Milford School District, the State of Delaware, Department of Education and the State of Delaware, Office of Auditor of Accounts, solely to assist you in evaluating whether the School District complied with 29 Del. C. c. 75, the State of Delaware Budget and Accounting Manual, and the Department of Education's School Construction Technical Assistance Manual for the fiscal year ended June 30, 2005. This agreed-upon procedures engagement was performed in accordance with Government Auditing Standards [GAS (2003)] issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants that have been incorporated by the GAS (2003). The School District's management is responsible for complying with 29 Del. C. c. 75, the State of Delaware Budget and Accounting Manual, and the Department of Education's School Construction Technical Assistance Manual. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We determined that the School District complied with the prior fiscal year's recommendations, if applicable, by reviewing these recommendations and verifying through inquiry and observation that the recommendations have been implemented.

There was one recommendation in the prior fiscal year.

**BARBACANE
THORNTON
& COMPANY**
CERTIFIED PUBLIC ACCOUNTANTS

STATUS OF PRIOR YEAR FINDINGS

PROCEDURE

Determine that construction project records were accurate and expenditures were made in accordance with the intent of the project scope mandated by the General Assembly, the Department of Education and the local Board of Education.

OCCUPANCY

AUDIT STEP

Review Milford School District's construction project files to determine whether certificates of occupancy were obtained in accordance with Paragraph 6.11.3 of the School Construction Manual.

FINDING

During our prior year procedures, we noted that Banneker Elementary School maintained occupancy in July 2003 and the certificate of occupancy was not issued until July 27, 2004. Paragraph 6.11.3 of the School Construction Manual states that "Occupancy occurs on new buildings when one child receives instructions; occupancy and completion are always the same on renovation work." This finding is due to management oversight.

RECOMMENDATION

We recommended that Milford School District obtain evidence that the certificates for occupancy or partial occupancy have been received prior to the occupancy of its buildings.

STATUS

During our current year procedures, we noted that management is aware of this requirement and, going forward, will follow these guidelines. We further noted that no new facilities were being constructed. This finding is no longer applicable.

2. We determined that prior fiscal year and fiscal year 2005 construction project records were accurate and expenditures were made in accordance with the intent of the project scope mandated by the General Assembly, the Local Board of Education and the Department of Education by applying the procedures described in the construction program checklist prepared by the State of Delaware, Office of Auditor of Accounts.

Our procedures disclosed no instances of noncompliance that resulted in adjustments or findings and recommendations.

3. We reviewed the School District's Schedule of Construction Projects Examined (See Exhibit A) pertaining to all activity for fiscal year 2005 and determined that this information was accurate and complete. We agreed current year expenditures and unspent balances to the DFMS cumulative budgetary activity report for June 30, 2005. In addition, we verified funding amounts against certificates of necessity authorizing such amounts.

Our procedures disclosed no instances of noncompliance that resulted in adjustments or findings and recommendations.

The results of our procedures were discussed and fully explained to Mr. Mark Dufendach at a conference held on March 9, 2006.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the School District's compliance with 29 Del. C. c. 75, the State of Delaware, Budget and Accounting Manual, and the Department of Education's School Construction Technical Assistance Manual. Accordingly, we did not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the information and use of the School District management and Board Members, Department of Education, Office of the Governor, Office of Controller General, Office of Attorney General, Office of Management and Budget, Department of Finance and Office of Auditor of Accounts, and is not intended to be and should not be used by anyone other than these specified parties. However, under 29 Del. C., Section 10002(d), this report is a public record and its distribution is not limited.


BARBACANE, THORNTON & COMPANY

Enclosure

/cep

MILFORD SCHOOL DISTRICT
SCHEDULE OF CONSTRUCTION PROJECTS EXAMINED
FISCAL YEAR 2005

EXHIBIT 'A'

Project Name	Fiscal Year	Original Funding Amount	Deauth/Fundi ng Amount	Total Project Funding To Date	Expended Current FY	Expended Prior FY	Total Project Expended To Date	Total Unspent at 6/30/05
Land Acquisition - Morris	98	\$ 32,000	\$ 2,596	\$ 34,596	\$ -	\$ 34,596	\$ 34,596	\$ -
Banneker Elementary	00	5,128,200	(4,720,843)	407,357	-	407,357	407,357	-
	01	8,611,700	-	8,611,700	2,984	8,608,716	8,611,700	-
	02	1,373,100	16,969	1,390,069	196,164	1,193,905	1,390,069	-
Milford High School	00	2,564,100	4,720,807	7,284,907	-	7,284,907	7,284,907	-
	01	2,538,700	-	2,538,700	57,272	2,481,428	2,538,700	-
Totals		\$ 20,247,800	\$ 19,529	\$ 20,267,329	\$ 256,420	\$ 20,010,909	\$ 20,267,329	\$ -